

MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENT OF RIGHTS AND FINANCING STATEMENT
(Hyde School)

HYDE SCHOOL, a Maine non-profit corporation with a mailing address of 616 High Street, Bath, Maine 04530 (hereinafter called "Grantor"), for consideration paid, the receipt and sufficiency of which is hereby acknowledged, does hereby GIVE, GRANT, BARGAIN, SELL, ASSIGN and CONVEY unto **BATH SAVINGS INSTITUTION**, a banking organization with a mailing address of Post Office Box 548, 105 Front Street, Bath, Maine 04530, (hereinafter called "Grantee"), its successors and assigns forever, to secure the payment of the sum of **FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00)** or so much thereof as may be paid and advanced by Grantee to or for the benefit of the Grantor, with interest and other charges, as applicable, and to secure other obligations, including future advances as set forth in paragraph 12 hereof, all as hereafter set forth, certain lots or parcels of land with the buildings and improvements thereon situated in the City of Bath, County of Sagadahoc and State of Maine, and all easements and rights appurtenant thereto, all as more particularly described in Exhibit A attached hereto (hereinafter called the "Premises").

Also CONVEYING and GRANTING hereby as part of the realty and as property mortgaged hereunder and as Collateral under the within Security Agreement, all of the following described property now or hereafter located on or affixed to the above-described property or used thereon or used in connection therewith and which may now be owned or may be hereafter owned by Grantor: All buildings, fixtures, improvements, equipment and all materials intended for construction, reconstruction, alteration and/or repair thereof including, without limitation, all plans, specifications, drawings, architectural contracts, and contracts for design and construction, all plumbing, heating, lighting, refrigerating, ventilating and air conditioning apparatus and equipment, garbage incinerators and receptacles, elevators and elevator machinery, boilers, tanks, motors, sprinkler and fire extinguishing systems, door bell and alarm systems, screens, awnings, screen doors, storm and other detachable windows and doors, mantels, built-in cases, counters, trees, hardy shrubs and perennial flowers, and other equipment, machinery, furniture and furnishings, fixtures and articles of personal property now and hereafter owned by Grantor and now and hereafter affixed to, placed upon or used in connection with the operation of said Premises and all other purposes whether or not included in the foregoing enumeration together with cash proceeds and noncash proceeds of all of the foregoing, all of which are covered by this Mortgage, whether or not such property is subject to prior conditional sales agreements, chattel mortgages or other liens. If the lien of this Mortgage on any fixtures or personal property is subject to a conditional sales agreement or chattel mortgage covering such property, then in the event of any default hereunder all the rights, title and interest of the Grantor in and to any and all deposits made thereon or therefor are hereby assigned to Grantee, together with the benefit of any payments now or hereafter made thereon. There are also transferred, set over and assigned to Grantee, its successors and assigns all conditional sales agreements, leases and use agreements of machinery, equipment and other personal property of Grantor in the categories hereinabove set forth under which Grantor is the lessee of, or entitled to use, such items, and Grantor agrees to execute and deliver to Grantee specific separate assignments thereof to Grantee of such leases and agreements when requested by Grantee; provided, however, that nothing herein shall obligate Grantee to perform any obligations of Grantor under such leases or agreements, unless it

so chooses, which obligations Grantor hereby covenants and agrees to well and punctually perform.

As further security for payment of the indebtedness and performance of the obligations, covenants and agreements secured hereby, Grantor hereby TRANSFERS, SETS OVER and ASSIGNS to Grantee:

a) All rents, profits, revenues, receipts from room or site charges, royalties, bonuses, rights and benefits under any and all leases or tenancies now existing or hereafter created of the Premises, or any part thereof, and all deposits granted to secure the tenants' performance thereunder, all sales contracts and the proceeds therefrom, and all other income, receivables, general intangibles, products and proceeds derived from the ownership, management and operation of the Premises, with the right to receive and apply the same to the Obligations secured hereby, and Grantee may demand, sue for and recover such payments, but shall not be required to do so; provided, however, that so long as Grantor is not in Default hereunder, as hereinafter defined, the right to receive and retain such rents, issues, profits and income is reserved to Grantor. To carry out the foregoing, Grantor agrees (1) to execute and deliver to Grantee such assignments of leases and rentals applicable to the Premises as the Grantee may from time to time request, while this Mortgage and the Obligations are outstanding, and further (2) not to cancel, accept a surrender of, reduce the rentals under, anticipate any rentals under, or modify any such leases or tenancies, or consent to an assignment or subletting thereof, in whole or in part, without Grantee's written consent, other than in the ordinary course of Grantor's business. Nothing herein shall obligate Grantee to perform the duties of Grantor as landlord or lessor under any such leases or tenancies, which duties Grantor hereby covenants and agrees to well and punctually perform. Following default by Grantor in its Obligations (hereafter defined) to Grantee, Grantee may, in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court which Grantee shall be entitled to have appointed, take possession of the Premises on such terms and for such period of time as Grantee may deem proper, and to apply such rents, income and profits to the payment of:

- i) All reasonable expenses of managing the Premises; and
- ii) The obligations secured hereby, together with all costs and attorneys' fees of Grantee.

The exercise by the Grantee of the rights provided above shall not be considered a waiver of any default by the Grantor under the obligations, or an election of remedies of Grantee, all of which shall be cumulative;

b) All judgments, awards of damages and settlements hereafter made as a result or in lieu of any taking of the Premises or any interest therein or part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Premises, or the improvements thereon or any part thereof, including any award for change of grade of streets. Grantee may apply all such sums or any part thereof so received to the obligations secured hereby in such manner as it elects or, at its option, the entire amount, or any part thereof so received, may be released. Grantor hereby irrevocably authorizes and appoints

Grantee as Grantor's attorney-in-fact to collect and receive any such judgments, awards and settlements from the authorities or entities making the same, to appear in any proceeding therefor, to give receipts and acquittances therefor, and to apply the same to payment on account of the obligations secured hereby, whether then matured or not; and the Grantor will execute and deliver to the Grantee on demand such assignments and other instruments as the Grantee may require for said purposes and will reimburse the Grantee for its costs (including reasonable counsel fees) in the collection of such judgments and settlements.

c) All goods and items of personal or real property which are now, or are to become, or may hereafter become, fixtures upon or with respect to the Premises;

d) All construction and building materials, supplies, lumber, hardware or other items of personal property which are now, or are to become, or may hereafter become, affixed to or a part of the Premises, whether as a part of the real property, or as a fixture, or located thereon as an item of personal property;

e) All other equipment, machinery, materials, furniture and furnishings now or hereafter affixed to or placed upon the Premises and used or useful in connection with the ownership, operation, maintenance or occupation of the Premises.

Receipts of rent, awards, and any other moneys or evidences thereof, pursuant to the provisions of the foregoing paragraphs (a) – (e) and any disposition of the same by Grantee shall not constitute a waiver of the right of foreclosure by Grantee in the event of Default or failure of performance by Grantor of any covenant or agreement contained herein or in any other instrument or agreement evidencing, securing, guaranteeing or governing the obligations. The foregoing assignments shall not be deemed to waive, subordinate, or otherwise affect the priority of the lien of this Mortgage or the terms set forth hereinafter.

This Mortgage shall also serve as a FINANCING STATEMENT with respect to any and all fixtures of the Grantor (Debtor) whether now owned or hereafter acquired, which are or may become affixed to the above-described Premises. Information concerning this security interest in the fixtures may be obtained from the Grantee (Secured Party) at its offices listed at the commencement of this Mortgage; the mailing address of the Grantor (Debtor) is the address listed at the commencement of this Mortgage. Proceeds of all collateral (including insurance proceeds) are also covered, although no disposition of collateral by Grantor (Debtor) is hereby authorized.

As further collateral, and security for the payment of the indebtedness and performance of the obligations, covenants and agreements secured hereby, Grantor hereby ASSIGNS and CONVEYS to Grantee, all right, title and interest in and to all present and future contracts for sale of all, or any portion of, the Premises and all earnest money deposits provided in connection therewith. Grantor agrees to execute all instruments required by Grantee to perfect and maintain such assignments and to obtain from all other parties to such contracts written assents and acknowledgments to such assignments satisfactory to Grantee. Grantor authorizes Grantee to execute, file and record, on its behalf as permitted by law, any and all financing statements as may be required to fully perfect Grantee's security interest described herein.

Such contracts and deposits are assigned to Grantee solely as security, and Grantee shall have no obligation or liability to perform the obligations of Grantor under said contracts until Grantee assumes such obligations by notice in writing to the purchaser. Each such purchaser is hereby authorized, upon receiving such written notice from Grantee, to recognize Grantee as the owner of all rights and interests of Grantor in said contracts.

Grantor acknowledges that it remains fully liable to perform its obligations under said contracts. Grantor shall and do hereby indemnify and to hold Grantee harmless of and from any and all liability, loss or damage which Grantee may or might incur under any such contract or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against Grantee by reason of any alleged obligations or undertakings on Grantee's part to perform or discharge any of the terms or agreements contained in any such contract. Should Grantee incur any such liability, loss or damage under any such contract or under or by reason of this Assignment, or in the defense of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby and Grantor shall reimburse Grantee therefor immediately upon demand.

(the above, collectively, hereinafter called the "Collateral").

TO HAVE AND TO HOLD the aforegranted and bargained Premises, with all the privileges and appurtenances thereof, to Grantee, its successors and assigns, to its and their use and behoof forever; PROVIDED, NEVERTHELESS, that if Grantor and/or any other party liable therefor pay to Grantee, its successors or assigns, the sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00), together with interest and other charges, if applicable, in accordance with all the terms and conditions of: (a) a certain promissory note from Grantor to Grantee in the original principal amount of \$500,000.00 of even date herewith (the "Note"); (b) a certain Commitment Letter issued by Grantee to Grantor, dated May 10, 2002, as amended on June 24, 2002, as further amended; (d) this Mortgage; (e) a certain Environmental Indemnification Agreement from Grantor to Grantee of even date herewith; (f) certain Financing Statements from Grantor to Grantee of even date herewith; and (g) any and all other documents, instruments or agreements given by Grantor to Grantee governing or securing said Note (collectively hereinafter referred to as the "Loan Documents"); and shall repay when due all other advances which are made by Grantee to or for the benefit of Grantor in accordance with paragraph 12 and other provisions hereof, as the Note, and any other of the Loan Documents, and any notes or evidences of such advances, may be renewed, extended and modified from time to time, and until such payment performs all of Grantor's obligations, covenants and agreements contained herein and contained in said Note, and any other of the Loan Documents (the "Obligations"), then this Mortgage, Security Agreement, Assignment of Rights and Financing Statement (hereinafter called the "Mortgage"), as also said Note, and any other of the Loan Documents, shall be void, otherwise shall remain in full force.

Grantor covenants and agrees with Grantee as follows:

1. Grantor is lawfully seized of an indefeasible estate in fee simple, free from encumbrances, except as may have been specifically noted herein or in Schedule A attached

hereto, and has good right and power to convey the Premises to Grantee to hold as aforesaid, and that Grantor shall and will Warrant and Defend the same to Grantee forever against the claims and demands of all persons, except as aforesaid.

2. Grantor acknowledges and agrees that the proceeds of the Note and obligations which this Mortgage secures shall be for commercial, business or agricultural purposes and not for household and/or family purposes.

3. Grantor shall pay all sums secured hereby when due, including all sums due under the said Note, and any other of the Loan Documents, and shall perform all other terms and provisions set forth or referred to therein or herein; Grantor agrees that a default in the payment of said Note, and any other of the Loan Documents, or a default in the terms or provisions of said Note, and any other of the Loan Documents, shall constitute a default in the terms and provisions of this Mortgage entitling the Grantee to exercise any one or more of its remedies hereunder or available at law or in equity.

Grantor acknowledges that it shall punctually pay and perform any and all obligations, covenants and restrictions of any prior mortgage on the Premises and agrees that any default in said prior mortgages shall constitute a default hereunder.

4. Grantor shall pay, when due, all taxes and assessments of every type or nature levied or assessed against the Premises and any claim, lien or encumbrance against the Premises which may be or become prior to this Mortgage.

5. Grantor shall keep the Premises insured against loss or damage by fire, the perils against which insurance is afforded by the Extended Coverage Endorsement, and such other risks and perils as Grantee in its discretion may reasonably require from time to time, including, without limitation, insurance against flood damage and insurance against loss of rental income, (if applicable), and workers' compensation insurance. The policy or policies of such insurance shall be in such form and shall be in such amount as Grantee may require but in no event for less than the indebtedness from time to time secured hereby, shall be issued by a company or companies approved by Grantee, and shall contain the Standard Maine Grantee Clause with loss payable to Grantee. Such insurance policies shall contain a provision whereby they cannot be canceled except after fifteen (15) days prior written notice to Grantee. Whenever required by Grantee, such policies shall be delivered immediately to and held by Grantee. Any and all amounts received by Grantee under any of such policies may be applied by Grantee on the indebtedness secured hereby in such manner as Grantee may, in its sole discretion, elect, or, at the option of Grantee, the entire amount so received or any part thereof may be released. Upon foreclosure of this Mortgage or other acquisition of the Premises or any part thereof by Grantee, such policies shall become the absolute property of Grantee, but receipt of any insurance proceeds and any disposition of the same by Grantee shall not constitute a waiver of any rights of Grantee, statutory or otherwise, and specifically shall not constitute a waiver of the right of foreclosure by Grantee in the event of default or failure of performance by Grantor of any covenant or agreement contained herein, in the Note, or any other of the Loan Documents.

6. Grantor (i) shall not remove or demolish nor alter the design or structural

character of any building now or hereafter erected upon the Premises unless the Grantee shall first consent thereto in writing; (ii) shall maintain the Premises in good condition and repair; (iii) shall not commit or suffer waste thereof; and (iv) shall comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Premises and will not suffer or permit any violation thereof.

7. If Grantor fails to defend against or pay any claim, lien or encumbrance which is alleged to be prior to this Mortgage when due, any tax or assessment or insurance premium, or to keep the Premises in good repair, or shall commit or permit waste, or if there be commenced any action or proceeding affecting the Premises or the title thereto, then Grantee, at its option, may pay said claim, lien, encumbrance, tax, assessment or premium, with right of subrogation thereunder, may procure such abstracts or other evidence of title as it deems necessary, may make such repairs and take such steps as it deems advisable to prevent or cure such waste, and may appear in any action or proceeding and retain counsel therein, and take such action therein as Grantee deems advisable, and for any of said purposes Grantee may advance such sums of money as it deems necessary. Grantee shall have no responsibility with respect to the legality, validity and priority of any such claim, lien, encumbrance, tax, assessment and premium, and of the amount necessary to be paid in satisfaction thereof, Grantor shall pay to Grantee, immediately and without demand, all sums of money advanced by Grantee pursuant to this paragraph, together with interest on each sum advanced at a rate of interest that is one percent (1%) per annum greater than the interest rate per annum provided for under the Note secured hereby, and all such sums and interest thereon shall be secured hereby.

8. Grantor shall allow Grantee to enter on the Premises at all reasonable times for the purposes of inspecting the Premises and the Collateral.

9. In the event that the said Premises or any part thereof shall be taken or condemned for public or quasi-public purposes by the proper authorities, the Grantor shall have no claim against the award for damages, or be entitled to any portion of the award until this Mortgage and the Note, and Obligations secured hereby are paid, and all rights to damages of the Grantor are hereby assigned to the Grantee to the extent of any indebtedness that remains unpaid, the Grantor, however, shall have the right to appeal said award to the courts of competent jurisdiction.

10. Grantor will not voluntarily create or permit to be created against the Premises any lien or liens superior or junior to the lien of this Mortgage, and that it will not engage in any secondary financing without first obtaining the express written approval of Grantee.

11. Without affecting the liability of Grantor or any other person (except any person expressly released in writing) for payment of any indebtedness secured hereby or for performance of any obligation contained herein, and without affecting the rights of Grantee with respect to any security not expressly released in writing, Grantee may at any time and from time to time, either before or after the maturity of said Note, and without notice or consent:

a) Release any person liable for payment of all or any part of the indebtedness or for performance of any obligation.

b) Make any agreement extending the time or otherwise altering the terms of payment of all or any part of the indebtedness, or modifying or waiving any obligation, or subordinating, modifying or otherwise dealing with the lien or charge thereof.

c) Exercise or refrain from exercising or waive any right Grantee may have.

d) Accept additional security of any kind.

e) Release or otherwise deal with any property, real or personal, securing the indebtedness, including all or any part of the Premises or Collateral.

12. Upon request of Grantor, Grantee may, at its sole option, from time to time make further advances to Grantor, provided, however, that the total principal secured hereby and remaining unpaid, including any such advances shall not at any time exceed the sum of **SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000.00)**. Grantor shall execute and deliver to Grantee a note or other agreement evidencing each and every such further advance which Grantee may make, any such note or agreement shall contain such terms and conditions as Grantee may require. Grantor or any other party liable therefor shall pay when due all such further advances with interest and other charges thereon, as applicable, and the same, and each note or agreement evidencing the same, shall be secured hereby. All provisions of this Mortgage shall apply to each further advance as well as to all other indebtedness secured hereby. Nothing herein contained, however, shall limit the amount secured by this Mortgage if such amount is increased by advances made by Grantee, as herein elsewhere provided for to protect the security. The word "Grantor" as used in this paragraph includes any successor in ownership of the Premises.

13. Grantor shall maintain and preserve the parking areas, common areas, passageways and drives, now or hereafter existing on the Premises, and, without prior written consent of Grantee, no building or other structure shall be erected thereon and except as contemplated by a certain Construction Loan Agreement between Grantor and Grantee of even date herewith, no new building or additions to existing buildings shall be erected on the remainder of the Premises herein mortgaged.

14. The Grantor further covenants and agrees that in the event this Mortgage secures, in part, an obligation incurred for the construction, renovation and/or improvement on or to the land and any structures hereby conveyed that it shall constitute a construction mortgage within the meaning of 11 M.R.S.A. §9-313 and security agreement, and, to the extent permitted by law, a financing statement filed and recorded as a fixture filing, with respect to any and all plans, specifications, drawings, architectural contracts, contracts for design and construction, of any improvements upon any portion of the Premises, any and all chattel paper, instruments, accounts, rents, profits, revenues, royalties, bonuses, rights and benefits under all leases or tenancies, general intangibles, machinery, equipment, chattels, articles of personal property, and fixtures described and included in this Mortgage, and all additions, accessions, substitutions and replacements thereto and therefor together with the proceeds thereof, and all of which are hereinafter referred to as the Collateral, and Grantor hereby grants and conveys to Grantee, its

successors and assigns, a security interest therein.

15. Grantor within seven (7) days upon written request delivered in person or within ten (10) days upon written request sent by mail, shall furnish a duly acknowledged written statement setting forth the amount of the debt secured by this Mortgage, and stating either that no offsets or defenses exist against the mortgage debt, or, if such offsets or defenses are alleged to exist, the nature thereof.

16. Grantor further covenants and agrees that to the best of the Grantor's knowledge, the Premises is, and at all times while this Mortgage is outstanding will be, in compliance with the Americans with Disabilities Act of 1990 and the Maine Human Rights Act, or any similar or successor statute.

Grantor further covenants and agrees that to the best of the Grantor's knowledge the Premises is, and at all times while this Mortgage is outstanding will be, in compliance with any and all laws, statutes, rules, and/or regulations relating to the existence or removal of lead paint on the Premises.

17. Grantor shall maintain full and correct books and records showing in detail the earnings and expenses of the Premises; will permit the Grantee and its representatives to examine said books and records and all supporting vouchers and data at reasonable times upon request by the Grantee at the Premises or at such other place in the city and county in which the Premises are located as such books and records are customarily kept.

Grantor hereby agrees to furnish to Grantee no later than April 30 of each year:

- a) Detailed balance sheet and income statement of Grantor in form and substance satisfactory to Lender; and
- b) Such other financial information and information regarding Grantor's worth as Lender may reasonably require.

18. If at any time the then existing use or occupancy of the Premises shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, that Grantor shall not cause or permit such use or occupancy to be discontinued without the prior written consent of the Grantee.

19. Grantor shall submit to the Grantee, at Grantee's request, for Grantee's examination and approval, in writing prior to the execution, delivery and commencement thereof, all leases, tenancies and occupancies of the Premises and any part thereof; any such leases, tenancies and occupancies not so approved, shall not be valid; and Grantor, at its sole cost and expense, upon request of Grantee, shall cause any parties in possession of the Premises under any such leases, tenancies and occupancies, not so approved, to vacate the Premises immediately. Grantor acknowledges that Grantee may, from time to time, at its option, enter upon the Premises and take any other action in court or otherwise to cause such parties to vacate the Premises; the costs and expenses of Grantee in so doing shall be paid by Grantor to Grantee on demand thereof.

and shall be part of the indebtedness secured by this Mortgage as costs and expenses incurred to preserve and protect the security; such rights of Grantee shall be in addition to all its other rights as Grantee, including the right of foreclosure, for breach by Grantor in the requirements of this paragraph.

20. Grantor agrees that if there be any default in any of the terms or conditions of this Mortgage or the indebtedness it secures, whether or not such default has been cured, upon written request therefor by Grantee to Grantor, which request may be withdrawn and remade from time to time at the discretion of Grantee, Grantor shall pay to Grantee on a monthly basis hereafter set forth a sum equal to the municipal and other governmental real estate taxes, other assessments next due on the real property described in this Mortgage and all premiums next due for fire and other casualty insurance required of Grantor hereunder, less all sums already paid therefor, divided by the number of months to elapse not less than one (1) month prior to the date when said taxes and assessments will become delinquent and where such premiums will become due. Such sums as estimated by Grantee shall be paid with monthly payments of interest due pursuant to the terms of the indebtedness secured by this Mortgage and such sums shall be held at no interest by Grantee to pay said taxes, assessments and premiums before the same become delinquent. Grantor agrees that should there be insufficient funds so deposited with Grantee for said taxes, assessments and premiums when due, it will upon demand by Grantee promptly pay to Grantee amounts necessary to make such payments in full; any surplus funds may be applied toward the payment of the indebtedness secured by this Mortgage or credited toward future such taxes, assessments and premiums; if Grantee shall have commenced foreclosure proceedings, the Grantee may apply such funds toward the payment of the mortgage indebtedness without causing thereby a waiver of any rights, statutory or otherwise, and specifically such application shall not constitute a waiver of the right of foreclosure hereunder. Grantor hereby assigns to Grantee all the foregoing sums so held hereunder for such purposes.

21. This Mortgage, and the Obligations secured hereby, shall, at the option of the Grantee, become immediately due and payable upon any one or more of the following events of default, if said default(s) are not cured within any applicable grace period:

a) Default in the prompt payment or performance of any material term or provision of this Mortgage, or of the Obligations or any other obligation, liability or covenant of Grantor to Grantee beyond any applicable cure or grace period, whether or not secured hereby or established hereunder, or the obligation of any endorser, guarantor or surety for any of the Obligations, or demand is made or deemed made by Grantee under the terms of any demand obligation secured hereby or given by the Grantor to the Grantee;

b) Grantor's failure or neglect to perform, keep or observe any material term, provision, covenant, warranty or representation contained in this Mortgage, the Note, the Environmental Indemnification Agreement or in any other of the Loan Documents executed in connection herewith which is required to be performed, kept or observed by Grantor and not cured or performed within any applicable cure or grace period;

c) If any representation, statement, report or certificate made or delivered by Grantor in writing, or by any maker, principal or guarantor for any of the Obligations is false or

incorrect in any material respect when made or delivered, or if Grantor fails to furnish financial information or permit inspections as provided in this Mortgage;

d) The incompetency, dissolution, business failure (which term includes, without limitation, the cessation of normal business operations) death or termination of existence of Grantor, and/or any guarantors of the Obligations secured hereby;

e) If any attachment, trustee process, lien, execution, levy, or receivership is issued or made against the Grantor, the Premises or the Collateral and is not removed within thirty (30) days or if any final judgment and execution issue against Grantor remains unsatisfied;

f) If Grantor fails to pay or escrow any tax assessment, sewer or water charge on the Premises and the Collateral, as provided herein, or fails to maintain any insurance policy the Grantor is required to provide to or for the benefit of the Grantee;

g) If Grantor fails to maintain the Premises and Collateral in good condition and repair as required herein, or permits or suffers any waste thereof;

h) In the event Grantor, or any owner of the Premises or any person liable for the Obligations shall make an assignment for the benefit of creditors, file a petition in bankruptcy, petition or apply to any tribunal for the appointment of a custodian, receiver or any trustee for it or a substantial part of its assets, or shall commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or

i) If there shall have been filed any such petition or application as described in paragraph (h) above, or any such proceeding shall have been commenced against the Grantor, any such owner or any person liable for the Obligations, in which an order for relief is entered, and if any such proceeding, petition, application or order remains undismissed for a period of thirty (30) days or more; or

j) Grantor, any such owner or any person liable for the Obligations by any act or omission shall indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief of the appointment of a custodian, receiver or any trustee for it or any substantial part of any of its properties, or shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of thirty (30) days or more.

k) Uninsured loss or destruction of or uninsured substantial damage to any of the Premises and Collateral;

l) Such a change in the condition or affairs (financial or otherwise) of the Grantor or of any endorser, guarantor or surety for any Obligations of the Grantor to the Grantee, or decline in the value of the Premises and the Collateral as, in the reasonable opinion of the Grantee, materially impairs the Grantee's security or increases its risk, which remains uncured or unsatisfied within thirty (30) days following written notice thereof.

m) Default in the due and punctual payment of any other indebtedness or default or breach in the due performance or observance of any covenant, agreement or provision of any agreement of the Grantor and/or any person liable for the Obligations to any secured third party holding security upon the collateral described herein, which default and/or breach shall not have been cured within the applicable cure period, if any.

22. Upon the occurrence of any of the above referred to events of default or at any time thereafter, Grantee may, at its option, do any one or more of the following, all of which are hereby authorized by Grantor:

- a) Declare the Obligations immediately due and payable;
- b) Cease advancing money or extending credit to or for the benefit of the Grantor;
- c) Foreclose this Mortgage under any legal method of foreclosure in existence at the time or now existing, or under any other applicable law, including, without limitation, the STATUTORY POWER OF SALE;
- d) Exercise all of the remedies of a secured party under the Uniform Commercial Code as now in effect in the State of Maine, and such further remedies as may from time to time hereafter be provided in Maine for a secured party, including, without limitation, the requirement that the Grantor assemble the Collateral and make it available to the Grantee at a place reasonably convenient to both parties to be designated by the Grantee. That the Grantee shall give the Grantor notice, by registered mail, postage prepaid, of the time and place of any public sale of any of the Collateral or of the time any private sale or other intended disposition thereof is to be made by sending notice to the Grantor at least five (5) days before the time of the sale or other disposition, which provisions for notice the Grantor and Grantee hereby agree are reasonable; provided, however, that nothing herein shall preclude the Grantee from proceeding as to both real and personal property in accordance with Grantee's rights and remedies in respect to the real property.

Grantor agrees that all rights of Grantee as to the Collateral and as to the Premises, and rights and interest appurtenant thereto, may be exercised together or separately and in such order as the Grantee may elect. Grantor further agrees that in exercising its power of sale as to the Collateral and rights and interest appurtenant thereto, the Grantee may sell said Collateral or any part thereof, either separately from or together with the said real estate, and rights and interests appurtenant thereto, or any part thereof, all as the Grantee may in its discretion elect. In particular, the Grantee may proceed to enforce rights against, seek the replevin of, and/or sell the Collateral prior to or during the pendency of any real estate foreclosure proceeding, redemption period, or foreclosure sale without waiving said foreclosure;

- e) Set-off against any and all deposits, accounts, certificate of deposit balances, claims, or other sums at any time credited by or due from the Grantee to the Grantor and against all other property of Grantor in the possession of Grantee or under its control;

f) Enter upon and take possession of the Premises and Collateral or any part thereof and exclude the Grantor, its agents, managers and servants, and to perform any acts Grantee deems necessary or proper to conserve the security, and to collect and receive*all rents, security deposits, profits, revenues, general intangibles, proceeds and profits thereof, including those past due as well as those accruing thereafter, and use, manage, operate and control the Premises and the Collateral and Grantee shall be entitled to have a receiver appointed to enter and take possession of the Premises and Collateral, collect the rents, security deposits, proceeds and profits therefrom and apply the same as the court may direct. In either such case, Grantee or the receiver may also take possession of, and for these purposes use, any and all personal property contained in the Premises and the Collateral and used by Grantor in the rental or leasing thereof or any part thereof. The expense (including receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be added to the Obligations secured hereby. Grantee shall (after payment of all costs and expenses incurred) apply such rents, issues and profits received by it on the obligations in such order as Grantee determines; and Grantor agrees that exercise of such rights and disposition of such funds shall not constitute a waiver of any foreclosure once commenced nor preclude the later commencement of foreclosure for breach hereof. The right to enter and take possession of said property, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, or by any other document or agreement by and between the Grantor and Grantee, including without limitation, a certain Assignment of Leases and Rents of even date herewith, and may be exercised concurrently therewith or independent thereof. Grantee shall be liable to account only for such rents, security deposits, proceeds and profits as are actually received by Grantee;

g) Sell or otherwise dispose of the Premises and the Collateral (in its then condition or after repair, further construction and/or preparation thereof, utilizing in connection therewith any of Grantor's assets, without charge or liability to Grantee therefor) at foreclosure sale which sale Grantee may postpone from time to time to the extent permitted by law), all as Grantee deems advisable, for cash or credit; provided, however, that Grantor shall be credited with the net proceeds of such sale only when such proceeds are finally collected by Grantee and the Grantor shall pay any deficiency on demand. Grantee may become the purchaser at any such sale and Grantee may, in lieu of actual payment of the purchase price, offset the amount thereof against the Obligations;

It is also agreed that the Grantee may authorize bidders at any foreclosure sale of the real estate which is held in combination with a sale of personal property, pursuant to a foreclosure sale of a security interest, to submit one combined lump sum bid for the Premises and Collateral secured by this Mortgage and for the personal property secured by any security agreement. Such combined bid for the Premises, Collateral and personal property will be effective to pass title to both. The proceeds of such sale shall be accounted for in one account without distinction between the items of security and without assigning them to any proportion of the proceeds, and the Grantor hereby waives the application of any doctrine of marshaling.

The Grantee shall apply the proceeds of said sale or sales in payment of the Obligations

and all costs and expenses incurred by Grantee in the sale, including, without limitation, reasonable attorneys' fees, and pay over the balance, if any, to the Grantor or its legal representative, and the Grantor hereby, for themselves and for their heirs, successors and assigns, covenants with said Grantee, and its successors and assigns, that in case a sale or sales shall be made under the foregoing power, it or they will, upon request, execute, acknowledge and deliver to the purchasers a deed or deeds of release confirming such sale.

It is agreed that said Grantee, its successors and assigns, or any person in their behalf, may purchase at any sale or sales made as aforesaid, and that no other purchaser shall be answerable for the application of the purchase money.

All of Grantee's aforesaid rights and remedies are cumulative and non-exclusive.

23. The Grantor warrants and represents to the Grantee that neither the Grantor, nor any employee, agent, affiliate or licensee of Grantor has, prior to the date hereof, caused the treatment, storage, transportation or disposal of hazardous waste or hazardous materials, as those substances and functions are defined in the Maine Hazardous Waste, Septage and Solid Waste Management Act, as amended from time to time, 38 M.R.S.A. Sections 1301, et seq., or any similar or successor statute (herein collectively called "Materials") within the State of Maine. The Grantor hereby covenants that neither the Grantor, nor any other person will, while this Mortgage is outstanding, cause the treatment, storage, transportation or disposal of any Materials within the State of Maine. Any breach or violation of any representation, warranty or covenant contained in either of the preceding two sentences shall entitle the Grantee to immediately declare the Grantor in default under this Mortgage and further declare Grantor in default under the Note, and Obligations, and the Grantee, with or without notice, shall have the right to accelerate the entire unpaid balance of principal, interest and other charges due under said Note, and may proceed forthwith to enforce its legal rights for collection of said sums, including but not limited to foreclosure under this Mortgage.

The Premises are not located in an "area of special flood hazard", as that term is defined in the National Flood Insurance Act of 1968 (as amended and supplemented by the Flood Disaster Protection Act of 1973), and, to the best of Grantor's knowledge, do not contain any hazardous wastes, hazardous substances, hazardous materials, toxic substances or toxic pollutants, as those terms are used in the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Hazardous Materials Transportation Act and the Toxic Substances Control Act, the Clean Air Act, the Clean Water Act, or any similar state or local law, or in any regulations promulgated pursuant thereto, or in any other applicable law. Grantor covenants to strictly comply with the requirements of all such laws and to promptly notify Grantee of the presence in or on the Premises of any materials, the use, storage, transportation or disposal of which is regulated by such laws. Grantor hereby covenants to protect, indemnify, and hold Grantee harmless from and against all loss, cost, damage and liability, including engineers' fees, consultants' fees, testing expenses and lab fees, attorneys' fees and costs of litigation, suffered or incurred by Grantee on account of the presence of any such materials in or on the mortgaged Premises, including, without limitation, any such loss, cost, damage or liability arising from a violation of any of such laws.

The above paragraphs shall in no way limit the obligations of Grantor or the remedies of Grantee under the Environmental Indemnification Agreement.

24. It is an additional covenant and condition of this Mortgage breach of which foreclosure may be claimed and for breach of which all indebtedness secured hereby may be declared due and payable at once, that without Grantee's prior written consent, Grantor shall not convey, mortgage, sell, contract to sell, lease or otherwise transfer or encumber the title, ownership, right of possession or any other interest in the Premises, or in any part thereof, nor shall any interest in said Premises, or any part thereof, pass from Grantor either voluntarily, involuntarily, by operation of law or otherwise. This condition shall continue until all indebtedness and obligations secured hereby are satisfied, and permission given or election not to foreclose or accelerate said indebtedness by Grantee, its successors or assigns, as to any one such transfer, shall not constitute a waiver of any rights of Grantee, its successors or assigns, as to any subsequent such transfer of title as to which this condition shall remain in full force and effect. The term title as used herein shall mean the estate of the Grantor subject to the lien of this Mortgage.

25. No delay by Grantee in exercising any right or remedy hereunder, or otherwise afforded by law, shall operate as a waiver or preclude the exercise thereof during the continuance of any default hereunder.

26. The covenants and agreement contained herein shall bind, and the benefits and advantages hereof shall inure to, the respective successors and assigns of the Grantor and Grantee. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

27. The Grantee, its successors and assigns, for breach of any term, condition, covenant or agreement contained or referred to herein, shall have the right of foreclosure of this Mortgage and any instrument it secures, and any and all other rights and remedies given to a Grantee and Secured Party under the laws of the State of Maine, including without limitation the Statutory Power of Sale.

28. If any obligation or portion of this Mortgage is determined to be invalid or unenforceable under law, it shall not affect the validity or enforcement of the remaining obligations or portions hereof.

29. This Mortgage may not be altered or amended except by an agreement in writing signed by both Grantor and Grantee.

IN WITNESS WHEREOF, the said Robert Pauline, Chief Financial Officer of Grantor has caused this instrument to be signed this 20th day of September, 2002.

WITNESS:

Cynthia Morgan

HYDE SCHOOL

By: Malcolm Gauld

~~Robert Pauline~~

Its: ~~Chief Financial Officer~~

MALCOLM GAULD

PRESIDENT

STATE OF MAINE
COUNTY OF CUMBERLAND ss.

September 20, 2002

Personally appeared the above named ~~Robert Pauline, Chief Financial Officer~~ of Hyde School and acknowledged the foregoing instrument to be his free act and deed and the free act and deed of Hyde School.

Before me,

David L. Galgay Jr
Attorney-at-Law/Notary Public

Print Name: David L. Galgay Jr

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EXHIBIT A

Three certain lots or parcels of land, with the buildings thereon, located on Redlon Road in said Bath, more particularly described and bounded as follows:

PARCEL I:

BEGINNING at a point on a road leading from Richardson Street into the Hyde Estate at a point fifty (50) feet north of a driveway leading to the barn;
 THENCE along said road leading around the front of the barn for a distance of seven hundred (700) feet to a point;
 THENCE in a westerly direction one hundred twenty-five (125) feet to a point;
 THENCE in a northerly direction five hundred fifty (550) feet to the point of beginning.

ALSO CONVEYING all rights relating to a permit or easement to connect the above described premises to a water system as more fully set forth in a tripartite agreement between Curtis & Greenlaw, Inc., Pine Tree Society for Crippled Children and Adults, Inc. and the Bath Water District, which agreement is dated April 22, 1964 and recorded in the Sagadahoc County Registry of Deeds, Book 336, Page 412, to which agreement and its record reference may be had for further details, subject to, however, the obligations, conditions and limitations as set forth in said agreement.

EXCEPTING from the above described premises all that property described in the Deed of Ten-Twenty Realty Company to Thomas T. Walsh, Inc. dated April 30, 1990 and recorded in the Sagadahoc County Registry of Deeds, Book 1006, Page 79.

Reference may be had to the Trustee's Deed of Pauline B. Redlon to Ten-Twenty Realty Company dated September 22, 1983 and recorded in the Sagadahoc County Registry of Deeds, Book 643, Page 343.

PARCEL II:

All land described in the deed of First Full Gospel Assembly of Bath, Inc. to Thomas T. Walsh, Inc. dated January 3, 1977 and recorded in the Sagadahoc County Registry of Deeds, Book 468, Page 128 that is, or may be, located SOUTHEASTERLY and NORTHEASTERLY of the following described line:

BEGINNING at the top of a $3/4 \pm$ inch pipe found at the southwesterly corner of land conveyed to Joseph M. McKenna and Dorothy J. McKenna by deed from said First Full Gospel Assembly of Bath, Inc. recorded on November 19, 1976 in said Registry of Deeds in Book 448, Page 229, as shown on a plan entitled "Property Surveyed for Thomas T. Walsh, Inc." by Sagadahoc Land Surveying Service dated June 13, 1977 and recorded in said Registry in Plan Book 12, Page 97, said pipe being located S $70^{\circ}13'10''$ W at a distance of 142.91 feet from the westerly side of Redlon Road as shown on a plan entitled "Standard Boundary Survey, Hyde School Property" by Sagadahoc Land Surveying Service, Sheet 1 of 2, dated May 15, 1987;
 THENCE S $70^{\circ}13'10''$ W a distance of 58.57 feet to the bottom of a $1'' \pm$ iron pipe found;

THENCE S 54° 00' 20" W a distance of 367.08 feet to a survey pin set at the intersection of this course and a line located 10 feet westerly from and parallel to the most westerly side of the foundation of the warehouse located on the land of said Ten-Twenty Realty Company (as measured perpendicular), said pin also being located about N 52° 00' W, at a distance of 17.4 feet, from the northwesterly corner of said warehouse foundation;

THENCE S 16° 53' 30" E parallel to said westerly side of said warehouse foundation to the northerly line of one of the parcels of land conveyed to the Hyde School by deed of Pine Tree Society for Crippled Children and Adults, Inc. dated September 7, 1967 and recorded in the said Registry of Deeds in Book 357, Page 707, said Hyde School line being the 235 foot line in the second parcel described in a deed from E. Beatrice Cummings to Robert W. Donnell and Evelyn G. Donnell dated May 13, 1947 and recorded in the said Registry of Deeds in Book 251, Page 49.

Bearings are magnetic 1977 and based upon a plan of said "Thomas T. Walsh, Inc." recorded in the Sagadahoc County Registry of Deeds, Plan Book 12, Page 97 (specifically the two iron pipes first mentioned herein located 58.57 feet apart). The survey pin set is 5/8 in. rebar topped with a yellow plastic cap reading "B. Van Note - RLS #1283." The above description is based upon a survey by Mainland Services, Inc. of Brunswick, Maine, Bruce A. Van Note, President.

Reference may be had to the Quit Claim Deed without Covenant of Thomas T. Walsh, Inc. to Ten-Twenty Realty Company dated April 30, 1990 and recorded in the Sagadahoc County Registry of Deeds, Book 1006, Page 82.

PARCEL III:

Beginning AT A POINT ON THE NORTHERLY SIDELINE OF A CERTAIN PRIVATE WAY LEADING IN A GENERALLY SOUTHWESTERLY DIRECTION FROM Redlon Road into property of Hyde School, said point being located S 23° 15' 50" W a distance of 77.5 feet from the southwest corner of the foundation of the warehouse located on the land of Ten-Twenty Realty Company;

THENCE running N 16° 53' 30" W parallel to said westerly side of said warehouse foundation, and maintaining a distance of 50 feet from said foundation as extended, to land now or formerly of Thomas T. Walsh, Inc. to the westerly sideline of property of Ten-Twenty Realty Company, as described in the Trustee's Deed of Pauline B. Redlon to Ten-Twenty Realty Company dated September 22, 1983 and recorded in the Sagadahoc County Registry of Deeds, Book 643, Page 343;

THENCE running in a generally southerly direction along the westerly sideline of said property of Ten-Twenty Realty Company to the northerly sideline of said private way;

THENCE running in a generally southerly direction along the westerly sideline of said property of Ten-Twenty Realty Company to the northerly sideline of said private way;

THENCE running in a generally southwesterly direction along the northerly sideline of said way to the point of beginning.

Reference may be had to the Quit Claim Deed of Hyde School to Ten-Twenty Realty Co. dated June 4, 1993 and recorded in the Sagadahoc County Registry of Deeds, Book 1229, Page 112.

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SAGADAHOC COUNTY

Barbara J. Thott

Register of Deeds